

Inter Pipeline Fund Announces Long Term Ethane Sales Agreement with NOVA Chemicals

CALGARY, ALBERTA, APRIL 15, 2013: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today that it has entered into a binding agreement with NOVA Chemicals Corporation (“NOVA”) involving the long term sale of ethane production from its Cochrane extraction plant. Under the new agreement, NOVA will purchase the majority of ethane volumes produced from Inter Pipeline’s extraction facilities at Cochrane, Alberta. The contract extends to the end of 2024 and will significantly increase cash flow within Inter Pipeline’s ethane extraction business unit.

“Inter Pipeline is pleased to announce a long term agreement with one of Canada’s leading petrochemical producers,” commented David Fesyk, President and CEO. “The new contract includes improved pricing and commercial terms when compared to historical ethane contracts in Alberta. This reflects continued strong market demand for ethane in the Province, particularly from large, stable sources of long term supply.”

In 2012, Inter Pipeline’s Cochrane extraction plant produced approximately 52,000 barrels per day, making it the largest ethane production facility in Canada. NOVA currently purchases a significant portion of ethane production from the Cochrane facility under an agreement due to expire at the end of 2014.

Commercial Terms

The term of the new ethane sales agreement begins on January 1, 2015 and extends for a 10 year period. Inter Pipeline and NOVA have also agreed to amend certain terms of the existing ethane contract at Cochrane for the interim period through December 31, 2014.

Under the terms of the new agreement, Inter Pipeline will receive a combination of fixed and variable revenue payments which include the recovery of operating costs. Inter Pipeline expects that over 50% of cash flow under the new contract will be derived from fixed payments which are not dependent on natural gas throughput levels at the Cochrane plant. This will result in more stable and predictable cash flow. Under the current agreement, Inter Pipeline’s cash flow is dependent on variable ethane production levels at the Cochrane plant.

Structuring the new contract with a significantly higher fixed payment component also creates a stronger alignment of incentives for both parties to maximize natural gas flow rates through the Cochrane plant.

Attractive Economics

Based on conservative gas flow forecasts, the new ethane sales agreement is expected to generate EBITDA of approximately \$40 million per year. This is approximately double the EBITDA generated under the current sales agreement. Higher cash flow under the new contract is expected to result in accretion of 5 cents per unit relative to cash available for distribution.

Revisions to Existing Contract

Inter Pipeline and NOVA have agreed to amend certain terms under the existing ethane sales contract at Cochrane during the interim period prior to commencement of the new agreement. As a result of these amendments, Inter Pipeline forecasts it will receive incremental EBITDA of \$10 million per year in 2013 and 2014 from ethane sales to NOVA at the Cochrane extraction facility.

Inter Pipeline Fund

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage business based in Calgary, Alberta, Canada. Structured as a publicly traded limited partnership, Inter Pipeline owns and operates energy infrastructure assets in western Canada, the United Kingdom, Denmark, Germany and Ireland. Additional information about Inter Pipeline can be found at www.interpipelinefund.com.

Inter Pipeline is a member of the S&P/TSX Composite Index. Class A Units trade on the Toronto Stock Exchange under the symbol IPL.UN.

Eligible Investors

Pursuant to Inter Pipeline's limited partnership agreement dated October 9, 1997, as amended, all unitholders are required to be residents of Canada. A copy of the limited partnership agreement can be found at www.interpipelinefund.com by selecting "Corporate Governance". If a unitholder is a non-resident of Canada ("Non-Eligible Unitholder"), he will not be considered to be a member of the partnership effective the date the Class A Units were acquired. Inter Pipeline requires all Non-Eligible Unitholders to dispose of their Class A Units in accordance with the limited partnership agreement.

In most cases, a unitholder with an address outside of Canada will be a Non-Eligible Unitholder.

Contact Information**Investor Relations:**

Jeremy Roberge
Vice President, Capital Markets
Email: jroberge@interpipelinefund.com
Tel: 403-290-6015 or 1-866-716-7473

Media Relations:

Tony Mate
Director, Corporate and Investor Communications
Email: tmate@interpipelinefund.com
Tel: 403-290-6166

Disclaimer

Certain information contained herein may constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements in this news release include, but are not limited to, forward EBITDA estimates relating to the NOVA Chemicals ethane sales agreement. Readers are cautioned not to place undue reliance on forward-looking statements. Such information, although considered reasonable by the General Partner of Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects", "intends", and similar expressions. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, environmental risks, industry competition, potential delays and cost overruns of construction projects, and the ability to access sufficient capital from internal and external sources. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement is not determinable with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this document and are not exhaustive, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

All dollar values are expressed in Canadian dollars unless otherwise noted.

**Non-GAAP
Financial
Measures**

Certain financial measures referred to in this news release, namely, "EBITDA", are not measures recognized by GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP.